

CEDA media release

Tough policy choices needed to manage cost pressures and the economy

Strictly embargoed until 9pm Tuesday 15 February 2022

Governments must make tough policy decisions in 2022 to address cost pressures and drive economic momentum, according to CEDA's *Economic and Political Outlook (EPO) 2022* report.

"The choices we make about the issues we prioritise and how boldly we respond to them over the remainder of this decade will fundamentally shape the next generation of economic and social prosperity for Australia," says CEDA Chief Executive Melinda Cilento.

"2022 will be a critical year in this respect, with the foundations laid for Australia's economic and policy direction as we recover from the COVID-19 pandemic.

"Now more than ever, Australia needs policymakers who are forthright in confronting these choices and challenges, and in communicating their priorities and intent.

"Australia's productivity growth of 0.9 per cent over recent years falls well short of the long run 1.5 per cent annual growth rate upon which government projections are predicated. This is concerning as productivity growth has contributed over 80 per cent of growth in Australians' incomes over the last three decades.

"In an economy running hot, policymakers must turn their attention to the supply side – lifting capacity through streamlined skilled migration, education and training. To increase productivity, Australia needs measures that facilitate greater mobility of workers.

"Australian businesses should be supported to leverage the benefits of technology and with emerging technologies designed, developed and used in the public interest.

"The COVID-19 pandemic has highlighted the importance of having productive, innovative businesses with strong tech capabilities – these firms were the ones most resilient over the past two years.

"Open trade and investment and pro-competitive regulation may be one of the most practical and low-cost approaches that policy makers can adopt to lift innovation, productivity and prosperity.

"Targeting sectors that have been productivity laggards such as the infrastructure and construction sector also makes sense.

"Major public infrastructure investment is at historically high levels and still to peak in 2023. This should be used as an opportunity for governments to unlock greater productivity in delivery. Areas for improvement include greater transparency and coordination of the project pipeline; more collaborative models of infrastructure delivery; and better utilisation of data and digital tools across the whole project life cycle."

CEDA's Economic and Political Outlook (EPO) 2022 provides valuable analysis to help policy makers and business respond to these issues.

The economists and journalists who have contributed to this report are:

- Richard Yetsenga, Chief Economist and Head of Research, ANZ Banking Group
- Alan Oster, Group Chief Economist, NAB
- David Robertson, Head of Economic and Markets Research, Bendigo and Adelaide Bank
- Michelle Grattan, Chief Political Correspondent, The Conversation
- Jarrod Ball, Chief Economist, CEDA and Cassandra Winzar, Senior Economist, CEDA

The 2022 *EPO* will be launched on Wednesday 16 February 2022 via livestream and in Sydney at the CEDA Economic and Political Outlook event.

In addition to the authors, speakers include: ABC Election Analyst Antony Green; Honorary Professor at the ANU Centre for Social Research and Methods and non-resident fellow at the Lowy Institute Dr Jenny Gordon; *The Age* and *The Sydney Morning Herald* Economics Correspondent Jennifer Duke; Lowy Institute's Public Opinion and Foreign Policy Program Director Natasha Kassam; Global Infrastructure Partners Advisory Board member Peter Harris; KPMG Senior Economist and Partner Sarah Hunter; Perth USAsia Centre Co-founder Sonia Arakkal; ABC International Affairs Analyst Stan Grant; UTS Industry Professor and Former Foreign Minister the Hon. Bob Carr; Former Defence Minister and Chairman of Pyne & Partners the Hon. Christopher Pyne; Centre for Policy Development CEO Travers McLeod; and RBC Capital Markets Managing Director Su-Lin Ong.

Melinda Cilento is available for further comment and interviews.

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For complimentary media access to the livestream, email: events@ceda.com.au

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Our purpose is to improve the lives of Australians by enabling a dynamic economy and vibrant society. CEDA has more than 620 members from a broad cross-section of industry, government, community and academia. Our members span every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid the development of Australia continues to drive our work today.